

**CSA STAFF NOTICE 23-307****ORDER PROTECTION RULE – IMPLEMENTATION MILESTONES**

The Order Protection Rule (OPR), contained in National Instrument 23-101 *Trading Rules*, was published in January 2010 in its final form<sup>1</sup> and will come into force on February 1, 2011. OPR requires marketplaces to have policies and procedures that are reasonably designed to prevent trade-throughs. To implement this requirement, we anticipate that marketplaces will have to perform some technology development and changes. In addition, OPR imposes these policy and procedures obligations on marketplace participants that choose to use directed-action orders (DAOs).

In order to facilitate OPR implementation, CSA staff (we) have worked with the Trade-through Implementation Committee<sup>2</sup>, to develop milestones, with dates, for marketplaces to meet from February 2010 to February 2011.

**A. Milestones and relevant dates**

The milestones described below outline steps that industry participants identified as necessary to implement OPR by February 1, 2011. We have also added a milestone for marketplace participants that intend to use DAOs.

To inform the CSA regarding the marketplaces' readiness to meet OPR's February 1, 2011 effective date, we ask that marketplaces, on each milestone date, provide us with information about their progress. However, if a marketplace does not expect to complete an activity by its milestone date, then we ask that the marketplace notify us as soon as possible. We encourage marketplaces to consider whether they should publicly disclose information related to their progress of OPR implementation.

Since marketplace participants' assumption of OPR obligations, through use of the DAO is optional, we are not asking them to provide information about their progress to us. Also, we are not asking vendors to send us information about their progress. However, we ask that all marketplaces, marketplace participants and vendors participate in an industry-wide test that will test the proper functioning of systems in an OPR environment.

A notice providing details about the industry-wide test will be issued in the coming months.

---

<sup>1</sup> (2010) 33 OSCB 787; other CSA jurisdictions published the OPR electronically.

<sup>2</sup> The Trade-through Implementation Committee is an open-membership committee comprised of representatives of dealers, marketplaces, and vendors.

<b>Action</b>	<b>Details</b>	<b>Completion Date</b>
Marketplaces – Identification of OPR solutions	Marketplaces will have identified OPR implementation issues and solutions, including those relating to the DAO marker (collectively, OPR solutions)	February 28, 2010
Marketplaces – Design and publication of OPR solutions	Marketplaces will have: <ul style="list-style-type: none"> <li>• completed their OPR solutions design</li> <li>• drafted policies and procedures</li> <li>• published and distributed to industry (including dealers and vendors) technical documentation, including specification documents and changes to FIX and STAMP tags and specifications</li> </ul>	April 1, 2010
Marketplaces – Internal building and testing of OPR solutions (April – August)	Marketplaces will have: <ul style="list-style-type: none"> <li>• built their OPR solutions</li> <li>• completed internal quality assurance processes</li> <li>• placed their OPR solutions on their external test environments</li> </ul>	August 3, 2010
Marketplaces – External testing of OPR solutions (August – November)	Marketplaces will have completed testing of their OPR solutions with the systems of parties, including vendors, to whom orders are directed for handling or execution	November 30, 2010
Vendors and Marketplace Participants – Development and testing of OPR solutions (April – November)	Vendors and marketplace participants developing proprietary systems will have: <ul style="list-style-type: none"> <li>• designed and built OPR solutions</li> <li>• completed internal and integration testing of their OPR solutions</li> </ul>	November 30, 2010
<b>BLACKOUT – DECEMBER 2010</b>		
<b>INDUSTRY-WIDE TESTING - JANUARY 2011 (precise date to be determined)</b>		
<b>OPR IMPLEMENTATION February 1, 2011</b>		

Questions may be referred to any of:

Tracey Stern  
Ontario Securities Commission  
(416) 593-8167

Sonali GuptaBhaya  
Ontario Securities Commission  
(416) 593-2331

Serge Boisvert  
Autorité des marchés financiers  
(514) 395-0337 ext.4358

Elaine Lanouette  
Autorité des marchés financiers  
(514) 395-0337 ext.4356

Lorenz Berner  
Alberta Securities Commission  
(403) 355-3889

Meg Tassie  
British Columbia Securities Commission  
(604) 899-6819

February 19, 2010